Local Mandate Fiscal Impact Estimate Kentucky Legislative Research Commission 2017 Regular Session

Part I: Measure Information

Bill Request #: 1662
Bill #: HB 538
Bill Subject/Title: AN ACT relating to liens on real property.
Sponsor: Representative Kevin P. Sinnette
Unit of Government: City X County Urban-County Unified Local
X Charter County X Consolidated Local X Government
Office(s) Impacted: County Clerk
Requirement: X Mandatory Optional
Effect on Powers & Duties: Modifies ExistingX Adds New Eliminates Existing
Part II: Purpose and Mechanics

HB 538 amends KRS 382.365 to allow attorneys to file affidavits which provide evidence of release of a lien encumbering real property with county clerks and provide lienholders a remedy if a false affidavit is filed.

HB 538 provides that a lien on real property, including mechanics' and materialman's liens, may be released by:

- The lienholder in the county clerk's office where the lien is recorded or
- Affidavit, in writing, executed in the presence of two witnesses in the county clerk's office where the lien is recorded. The affidavit shall state that the lien has been paid in full to the final lienholder or final assignee. The attorney shall send notice of the recording of the affidavit to the lienholder, and upon receipt of the notice, the lienholder shall be released from the obligation of releasing the lien. Wording is provided in HB 538 for the affidavit.

Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost

The fiscal impact of HB 538 to local governments is expected to be nil to minimal.

HB 538 essentially provides another avenue for releasing a lien. The current procedure is being replaced when necessary by a near-similar procedure. Instead of the lienholder releasing the lien, an affidavit with two witnesses will suffice. A document is required to be recorded in both instances.

Data Source(s): <u>LRC Staff</u>

Preparer:Wendell F. ButlerReviewer:KHCDate:2/21/17